

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01

SWF-02 DRC-01 /171 W
----- 123363

R 061307Z MAR 74
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 0625
INFO AMEMBASSY LIMA
AMCONSUL GUAYAQUIL

UNCLAS QUITO 2299

PASS COMMERCE

E.O. 11652: N/A

TAGS: ETRD, EC

SUBJECT: NEW CUSTOMS TARIFF ANNOUNCED

1. IN APRIL 3 PRESS CONFERENCE ACTING MINFIN AYALA MADE
KNOWN MAIN FEATURES OF NEW CUSTOMS TARIFF IN FORCE BEGINNING
APRIL 4, 1974. TO FACILITATE TARIFF CHANGES WITHIN THE
ANDEAN PACT, THE NEW TARIFF RATES ARE ENTIRELY AD-VALOREM AND
BASED ON THE NABANDINA NOMENCLATURE. THE NEW TARIFF SCHEDULE
SHARPLY REDUCES DUTIES, PARTICULARLY ON CAPITAL GOODS AND
RAW MATERIALS. THE AVERAGE TARIFF REDUCTION, BASED ON 1973
TRADE, IS 20 PERCENT. THE NEW SCHEDULE INCORPORATES TARIFF
EXEMPTIONS GRANTED UNDER A NUMBER OF LAWS DECREED BY THE PRE-
SENT GOVERNMENT, THEREBY RELIEVING IMPORTERS OF THE VOLUMINOUS
PAPERWORK NECESSARY TO UTILIZE THE EXEMPTIONS. TARIFFS ON
PASSENGER CARS WERE REDUCED FROM A RANGE OF 140-230 PERCENT
TO 100-190 PERCENT, WHILE THE DUTIES ON SMALL TRUCKS ARE IN-
CREASED FROM 20 PERCENT AD VALOREM PLUS 10 SUCRES (40 CENTS)

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PER KILO TO 50 PERCENT AD VALOREM.

2. AYALA STATED THAT FISCAL CONSIDERATIONS WILL NO LONGER PREDOMINATE IN DETERMINING TARIFF RATES. THE TARIFF SCHEDULE WILL BECOME AN INSTRUMENT FOR DEVELOPING PRODUCTIVE CAPACITY THROUGH ADEQUATE MARGINS OF PROTECTION. THE ESTIMATED REVENUE LOSS, IF THE NEW TARIFF WERE IN EFFECT, WOULD HAVE BEEN 600 MILLION SUCRES IN 1973. THE NEW DUTIES WILL APPLY TO ALL GOODS ARRIVING IN ECUADOR BEGINNING APRIL 4, AND ANY OVERPAYMENT ON GOODS LICENSED UNDER THE OLD TARIFF SCHEDULE WILL BE REFUNDED.

3. AYALA POINTED OUT THE ANTI-INFLATIONARY EFFECT OF AN EXPANDED FLOW OF IMPORTS AT REDUCED DUTIES. EMBASSY UNDERSTANDS THAT THE MINISTRY OF FINANCE AND THE CENTRAL BANK FAVORED LOWERING TARIFFS AS AN ALTERNATIVE TO REVALUATION OF THE SUCRE. PRESSURES TO REVALUE ON ANTI-INFLATIONARY GROUNDS HAVE EBBED AND FLOWED PERIODICALLY DURING THE PAST 18 MONTHS, WITHOUT EVER DISAPPEARING ENTIRELY.

4. WE WILL FORWARD COPIES OF NEW TARIFF SCHEDULE WHEN AVAILABLE.
BREWSTER

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Message Attributes

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